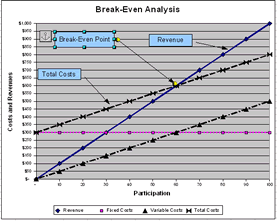
**Costing Programs and Services**

Your job, as an administrator of a sport or recreation organisation, is to:

* Plan, organise and deliver services, events, programs and facilities to meet the needs of your membership / customer base within the limits of funding achievable.
* Ensure that the funds required by your organisation are obtained and expended appropriately, and as planned.

In order to carry out the above two tasks it is essential that you calculate how much funding your organisation needs to provide the desired [services](http://www.leoisaac.com/quality/top058.htm), events, programs and facilities. This is a very complex budgeting problem and there really is no short cut.

Every expense incurred by your organisation will either be:

1. A direct cost - a cost that is directly attributable to a service, event, program or other activity carried out by the organisation
2. An overhead - a cost that cannot be directly attributed to a service, event, program or other activity.

**Direct Costs**

During the budgeting process you will have to look closely at every event, program and service that you intend to provide and work out every direct cost

Examples of direct costs include:

* Trophies
* Hire of staff specifically for an event or program
* Travel costs associated with attending or providing a service, event or program
* Advertising and other promotion costs that specifically relate to an event or program
* Costs of hiring venues/ facilities for events and programs
* Costs of hiring or [purchasing](http://www.leoisaac.com/fin/fin043.htm) equipment for an event or program

**Overheads**

There will be many costs incurred by an organisation that cannot be directly attributed to specific events, programs and [services](http://www.leoisaac.com/quality/top058.htm). It may well be the case that the organisation's overheads are proportionately greater than direct costs. Therefore it is extremely important to ensure that the budgeting process takes account of all overheads.

Examples of overheads include:

* Lease of the office (and office equipment if applicable)
* Administration and secretarial salaries
* Office costs such as telephones, postage, photocoping and general printing (i.e. association newsletters) for administrative reasons
* [Depreciation](http://www.leoisaac.com/fin/fin057.htm) of equipment, motor vehicles and buildings etc.
* Audit costs
* Insurance
* Building maintenance

Providing a reasonably good forecast of the total cost of overheads will depend on:

* Accurate financial records of previous years
* Understanding the factors that tend to increase overheads i.e. engaging more employees, moving to bigger premises, increasing the number of members of the organisation, etc.

In real life the budgeting process is so complex that it must be divided up into smaller more manageable portions and allocated to many individuals who might have specific knowledge of the organisation's programs.